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REFERENCE TITLE: **school facilities board; budget.**

State of Arizona
Senate
Forty-seventh Legislature
First Regular Session
2005

SB 1518

Introduced by
Senators Burns, Bee, Bennett, Blendu, Huppenthal: Jarrett, Martin,
Tibshraeny (with permission of committee on Rules)

AN ACT

AMENDING SECTIONS 15-2002, 15-2004, 15-2005, 15-2006, 15-2022, 15-2031, 15-2041, 15-2055 AND 42-5030.01, ARIZONA REVISED STATUTES; AMENDING LAWS 2002, CHAPTER 330, SECTION 43, AS AMENDED BY LAWS 2003, FIRST SPECIAL SESSION, CHAPTER 2, SECTION 9; MAKING AN APPROPRIATION; RELATING TO THE SCHOOL FACILITIES BOARD.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 15-2002, Arizona Revised Statutes, is amended to
3 read:

4 15-2002. Powers and duties: executive director: staffing:
5 report

6 A. The school facilities board shall:

7 1. Make assessments of school facilities and equipment deficiencies
8 pursuant to section 15-2021 and approve the distribution of grants as
9 appropriate.

10 2. Develop a database for administering the building renewal formula
11 prescribed in section 15-2031 and administer the distribution of monies to
12 school districts for building renewal.

13 3. Inspect school buildings at least once every five years to ensure
14 compliance with the building adequacy standards prescribed in section 15-2011
15 and routine preventative maintenance guidelines as prescribed in this section
16 with respect to construction of new buildings and maintenance of existing
17 buildings. The school facilities board shall randomly select twenty school
18 districts every thirty months and inspect them pursuant to this paragraph.

19 4. Review and approve student population projections submitted by
20 school districts to determine to what extent school districts are entitled to
21 monies to construct new facilities pursuant to section 15-2041. The board
22 shall make a final determination within six months of the receipt of an
23 application by a school district for monies from the new school facilities
24 fund.

25 5. Certify that plans for new school facilities meet the building
26 adequacy standards prescribed in section 15-2011.

27 6. Develop prototypical elementary and high school designs. The board
28 shall review the design differences between the schools with the highest
29 academic productivity scores and the schools with the lowest academic
30 productivity scores. The board shall also review the results of a valid and
31 reliable survey of parent quality rating in the highest performing schools
32 and the lowest performing schools in this state. The survey of parent
33 quality rating shall be administered by the department of education. The
34 board shall consider the design elements of the schools with the highest
35 academic productivity scores and parent quality ratings in the development of
36 elementary and high school designs. The board shall develop separate school
37 designs for elementary, middle and high schools with varying pupil
38 capacities.

39 7. Develop application forms, reporting forms and procedures to carry
40 out the requirements of this article.

41 8. Review and approve or reject requests submitted by school districts
42 to take actions pursuant to section 15-341, subsection F.

43 9. Submit an annual report by December 15 to the speaker of the house
44 of representatives, the president of the senate, the superintendent of public
45 instruction, the director of the Arizona state library, archives and public
46 records and the governor that includes the following information:

(a) A detailed description of the amount of monies distributed by the school facilities board in the previous fiscal year.

(b) A list of each capital project that received monies from the school facilities board during the previous fiscal year, a brief description of each project that was funded and a summary of the board's reasons for the distribution of monies for the project.

(c) A summary of the findings and conclusions of the building maintenance inspections conducted pursuant to this article during the previous fiscal year.

(d) A summary of the findings of common design elements and characteristics of the highest performing schools and the lowest performing schools based on academic productivity including the results of the parent quality rating survey.

For the purposes of this paragraph, "academic productivity" means academic year advancement per calendar year as measured with student-level data using the statewide nationally standardized norm-referenced achievement test.

10. By December 1 of each year, report to the joint committee on capital review the amounts necessary to fulfill the requirements of sections 15-2021, 15-2022, 15-2031 and 15-2041 for the following fiscal year and the estimated amounts necessary to fulfill the requirements of sections 15-2021, 15-2022, 15-2031 and 15-2041 for the fiscal year following the next fiscal year. ~~No later than January 1 of each year, the board shall instruct the state treasurer as to the amounts under the transaction privilege tax to be credited in equal quarterly installments for the following state fiscal year.~~ The board shall provide copies of ~~both reports~~ **THE REPORT** to the president of the senate, the speaker of the house of representatives and the governor.

11. Adopt minimum school facility adequacy guidelines to provide the minimum quality and quantity of school buildings and the facilities and equipment necessary and appropriate to enable pupils to achieve the educational goals of the Arizona state schools for the deaf and the blind. The school facilities board shall establish minimum school facility adequacy guidelines applicable to the Arizona state schools for the deaf and the blind by December 31, 2000.

12. Beginning August 15, 2004, and each even-numbered year thereafter, report to the joint committee on capital review the amounts necessary to fulfill the requirements of sections 15-2031 and 15-2041 for the Arizona state schools for the deaf and the blind for the following two fiscal years. ~~Notwithstanding paragraph 10 of this subsection or any other law, the school facilities board shall not include these amounts in the building renewal or new school facilities transfer instructions to the state treasurer.~~ The Arizona state schools for the deaf and the blind shall incorporate the findings of the report in any request for building renewal monies and new school facilities monies. Any monies provided to the Arizona state schools for the deaf and the blind for building renewal and for new school facilities are subject to legislative appropriation.

1 13. By October 15 of each year, ~~the school facilities board shall~~
 2 submit information regarding demographic assumptions, a proposed construction
 3 schedule and new school construction cost estimates for the following fiscal
 4 year to the joint committee on capital review for its review.

5 B. The school facilities board may contract for private services in
 6 compliance with the procurement practices prescribed in title 41, chapter 23.

7 C. The governor shall appoint an executive director of the school
 8 facilities board pursuant to section 38-211. The executive director is
 9 eligible to receive compensation as determined pursuant to section 38-611 and
 10 may hire and fire necessary staff as approved by the legislature in the
 11 budget. The executive director shall have demonstrated competency in school
 12 finance, facilities design or facilities management, either in private
 13 business or government service. The executive director serves at the
 14 pleasure of the governor. The staff of the school facilities board is exempt
 15 from title 41, chapter 4, articles 5 and 6. The executive director:

16 1. Shall analyze applications for monies submitted to the board by
 17 school districts.

18 2. Shall assist the board in developing forms and procedures for the
 19 distribution and review of applications and the distribution of monies to
 20 school districts.

21 3. May review or audit, or both, the expenditure of monies by a school
 22 district for deficiencies corrections, building renewal and new school
 23 facilities.

24 4. Shall assist the board in the preparation of the board's annual
 25 report.

26 5. Shall research and provide reports on issues of general interest to
 27 the board.

28 6. May aid school districts in the development of reasonable and
 29 cost-effective school designs in order to avoid statewide duplicated efforts
 30 and unwarranted expenditures in the area of school design.

31 7. May assist school districts in facilitating the development of
 32 multijurisdictional facilities.

33 8. Shall assist the board in any other appropriate matter or method as
 34 directed by the members of the board.

35 9. Shall establish procedures to ensure compliance with the notice and
 36 hearing requirements prescribed in section 15-905. The notice and hearing
 37 procedures adopted by the board shall include the requirement, with respect
 38 to the board's consideration of any application filed after July 1, 2001 or
 39 after December 31 of the year in which the property becomes territory in the
 40 vicinity of a military airport or ancillary military facility as defined in
 41 section 28-8461 for monies to fund the construction of new school facilities
 42 proposed to be located in territory in the vicinity of a military airport or
 43 ancillary military facility, that the military airport receive notification
 44 of the application by first class mail at least thirty days before any
 45 hearing concerning the application.

1 10. May expedite any request for funds in which the local match was not
2 obtained for a project that received preliminary approval by the state board
3 for school capital facilities.

4 11. Shall expedite any request for funds in which the school district
5 governing board submits an application that shows an immediate need for a new
6 school facility.

7 12. Shall make a determination as to administrative completion within
8 one month after the receipt of an application by a school district for monies
9 from the new school facilities fund.

10 13. Shall provide technical support to school districts as requested by
11 school districts in connection with the construction of new school facilities
12 and the maintenance of existing school facilities.

13 D. When appropriate, the school facilities board shall review and use
14 the statewide school facilities inventory and needs assessment conducted by
15 the joint committee on capital review and issued in July, 1995.

16 E. The school facilities board shall contract with one or more private
17 building inspectors to complete an initial assessment of school facilities
18 and equipment provided in section 15-2021 and shall inspect each school
19 building in this state at least once every five years to ensure compliance
20 with section 15-2011. A copy of the inspection report, together with any
21 recommendations for building maintenance, shall be provided to the school
22 facilities board and the governing board of the school district.

23 F. The school facilities board may consider appropriate combinations
24 of facilities or uses in making assessments of and curing deficiencies
25 pursuant to subsection A, paragraph 1 of this section and in certifying plans
26 for new school facilities pursuant to subsection A, paragraph 5 of this
27 section.

28 G. The board shall not award any monies to fund new facilities that
29 are financed by class A bonds that are issued by the school district.

30 H. The board shall not distribute monies to a school district for
31 replacement or repair of facilities if the costs associated with the
32 replacement or repair are covered by insurance or a performance or payment
33 bond.

34 I. The board may contract for construction services and materials that
35 are necessary to correct existing deficiencies in school district facilities
36 as determined pursuant to section 15-2021. The board may procure the
37 construction services necessary pursuant to this subsection by any method
38 including construction-manager-at-risk, design-build, design-bid-build or
39 job-order-contracting as provided by title 41, chapter 23. The construction
40 planning and services performed pursuant to this subsection are exempt from
41 section 41-791.01.

42 J. The school facilities board may enter into agreements with school
43 districts to allow school facilities board staff and contractors access to
44 school property for the purposes of performing the construction services
45 necessary pursuant to subsection I of this section.

K. By October 1, 2002, each school district shall develop routine preventative maintenance guidelines for its facilities. The guidelines shall be submitted to the school facilities board for review and approval by February 1, 2003. If upon inspection by the school facilities board it is determined that a school district facility was inadequately maintained pursuant to the school district's routine preventative maintenance guidelines, the school district shall use building renewal monies pursuant to section 15-2031, subsection J to return the building to compliance with the school district's routine preventative maintenance guidelines. Once the district is in compliance, it no longer is required to use building renewal monies for preventative maintenance.

L. The school facilities board may temporarily transfer monies between the capital reserve fund established by section 15-2003, the deficiencies correction fund established by section 15-2021, the emergency deficiencies correction fund established by section 15-2022, the building renewal fund established by section 15-2031 and the new school facilities fund established by section 15-2041 if all of the following conditions are met:

1. The transfer is necessary to avoid a temporary shortfall in the fund into which the monies are transferred.

2. The transferred monies are restored to the fund where the monies originated as soon as practicable after the temporary shortfall in the other fund has been addressed.

3. The school facilities board reports to the joint committee on capital review the amount of and the reason for any monies transferred.

Sec. 2. Section 15-2004, Arizona Revised Statutes, is amended to read:
15-2004. School facilities board lease-to-own: fund

A. In order to fulfill the requirements of section 15-2041, the school facilities board may acquire school facilities for the use of one or more school districts by entering into one or more lease-to-own transactions in accordance with this section. For purposes of this section, providing school facilities includes land acquisition, related infrastructure, fixtures, furnishings, equipment and costs of the lease-to-own transaction. The school facilities board may provide monies to provide school facilities in part pursuant to section 15-2041 and in part through a lease-to-own transaction.

B. A lease-to-own transaction may provide for:

1. The ground lease of the land for the facilities to a private entity for the term of the lease-to-own transaction or for a term of up to one and one-half times the term of the lease-to-own transaction, subject to earlier termination on completion of performance of the lease-to-own agreement. The ground lessor may either be the school district or the school facilities board, whichever holds title to the land.

2. The lease of the completed school facilities by a private entity to the school facilities board for an extended term of years pursuant to a lease-to-own agreement.

3. The sublease of the completed school facilities by the school facilities board to the school district during the term of the lease-to-own

1 agreement. The sublease shall provide for the use, maintenance and operation
2 of the school facilities by the school district and for the transfer of
3 ownership of the school facilities to the school district on completion of
4 performance of the lease-to-own agreement.

5 4. The option for the school facilities board's purchase of the school
6 facilities and transfer of ownership of the school facilities to the school
7 district before the expiration of the lease-to-own agreement.

8 5. The services of trustees, financial advisors, paying agents,
9 transfer agents, underwriters, lawyers and other professional service
10 providers, credit enhancements or liquidity facilities and all other services
11 considered necessary by the school facilities board in connection with the
12 lease-to-own transaction, and related agreements and arrangements including
13 arrangements for the creation and sale of certificates of participation
14 evidencing proportionate interests in the lease payments to be made by the
15 school facilities board pursuant to the lease-to-own agreement.

16 C. The sublease of the school facilities to the school district is
17 subject to this section and to the provisions of the lease-to-own agreement.
18 Neither a ground lease by the school district as lessor nor a sublease of the
19 school facilities to the school district is required to be authorized by a
20 vote of the school district electors. A ground lease is not subject to any
21 limitations or requirements applicable to leases or lease-purchase agreements
22 pursuant to section 15-342 or any other section of this title.

23 D. Any school facility that is constructed through a lease-to-own
24 agreement shall meet the minimum building adequacy standards set forth in
25 section 15-2011.

26 E. School districts may use local monies to exceed the minimum
27 adequacy standards and to build athletic fields and any other capital project
28 for leased-to-own facilities.

29 F. The school facilities board shall include any square footage of new
30 school facilities constructed through lease-to-own agreements in the
31 computations prescribed in section 15-2011.

32 G. Pursuant to section 15-2031, a school district is eligible to
33 receive building renewal monies for any facility constructed through a
34 lease-to-own agreement. If a facility's building maintenance renewal is
35 included in the lease-to-own agreement, ~~then~~ the facility shall not be
36 included in the district's building renewal calculation.

37 H. A lease-to-own fund is established consisting of monies
38 appropriated by the legislature. The school facilities board shall
39 administer the fund and distribute monies in the fund to make payments
40 pursuant to lease-to-own agreements entered into by the school facilities
41 board pursuant to this section, to make payments to or for the benefit of
42 school districts pursuant to local lease-to-own agreements entered into by
43 school districts pursuant to section 15-2005 and to pay costs considered
44 necessary by the school facilities board in connection with lease-to-own
45 transactions and local lease-to-own transactions. Payments by the school
46 facilities board pursuant to a lease-to-own agreement or local lease-to-own

1 agreement shall be made only from the lease-to-own fund. On notice from the
2 school facilities board, the state treasurer shall invest and divest monies
3 in the fund as provided by section 35-313, and monies earned from investment
4 shall be credited to the lease-to-own fund.

5 I. A lease-to-own agreement entered into by the school facilities
6 board pursuant to this section shall provide that:

7 1. At the completion of the lease-to-own agreement, ownership of the
8 school facilities and land associated with the lease-to-own agreement shall
9 be transferred to the school district as specified in the agreement.

10 2. The obligation of the school facilities board to make any payment
11 under the lease-to-own agreement is a current expense, payable exclusively
12 from appropriated monies, and is not a general obligation indebtedness of
13 this state or the school facilities board. The obligation of a school
14 district to make expenditures under a sublease pursuant to subsection B,
15 paragraph 3 of this section is a current expense, payable exclusively from
16 budgeted monies, and is not a general obligation indebtedness of the school
17 district.

18 3. If the legislature fails to appropriate monies or the school
19 facilities board fails to allocate such monies for any periodic payment or
20 renewal term of the lease-to-own agreement, the lease-to-own agreement
21 terminates at the end of the current term and this state and the school
22 facilities board are relieved of any subsequent obligation under the
23 agreement and the school district is relieved of any subsequent obligation
24 under the sublease.

25 4. The lease-to-own agreement shall be reviewed and approved by the
26 attorney general before the agreement may take effect.

27 5. Before the agreement takes effect and after review by the attorney
28 general, the project or projects related to the agreement shall be submitted
29 for review by the joint committee on capital review.

30 J. The school facilities board may covenant to use its best efforts to
31 budget, obtain, allocate and maintain sufficient appropriated monies to make
32 payments under a lease-to-own agreement, but the lease-to-own agreement shall
33 acknowledge that appropriating state monies is a legislative act and is
34 beyond the control of the school facilities board or of any other party to
35 the lease-to-own agreement.

36 K. BEFORE REFINANCING ANY CERTIFICATES OF PARTICIPATION RELATED TO A
37 LEASE-TO-OWN AGREEMENT ENTERED INTO PURSUANT TO THIS SECTION, THE SCHOOL
38 FACILITIES BOARD SHALL SUBMIT THE REVISED FINANCING STRUCTURE FOR REVIEW AND
39 APPROVAL TO THE JOINT COMMITTEE ON CAPITAL REVIEW.

40 ~~K.~~ L. The land and the school facilities on the land are exempt from
41 taxation during the term of the lease-to-own agreement and during
42 construction and subsequent occupancy by the school district pursuant to the
43 sublease.

44 ~~L.~~ M. The powers prescribed in this section are in addition to the
45 powers conferred by any other law. Without reference to any other provision
46 of this title or to any other law, this section is authority for the

completion of the purposes prescribed in this section for the school facilities board to provide school facilities for use by school districts through lease-to-own transactions pursuant to this section without regard to the procedure required by any other law. Except as otherwise provided in this section, the provisions of this title that relate to the matters contained in this section are superseded because this section is the exclusive law on these matters.

N. THE AUTHORITY OF THE SCHOOL FACILITIES BOARD TO ENTER INTO LEASE-TO-OWN TRANSACTIONS PURSUANT TO THIS SECTION EXPIRES FROM AND AFTER JUNE 30, 2005, EXCEPT FOR CERTIFICATES OF PARTICIPATION ISSUED TO REFUND ANY CERTIFICATES OF PARTICIPATION ISSUED BY THE BOARD.

Sec. 3. Section 15-2005, Arizona Revised Statutes, is amended to read: 15-2005. Local lease-to-own by school districts

A. In order to fulfill the requirements of section 15-2041, with the approval of the school facilities board, a school district may acquire school facilities by entering into a local lease-to-own transaction in accordance with this section. For purposes of this section, providing school facilities includes land acquisition, related infrastructure, fixtures, furnishings, equipment and costs of the local lease-to-own transaction. The school facilities board may provide monies to provide school facilities in part pursuant to section 15-2041 and in part through payments to or for the benefit of a school district for a local lease-to-own transaction.

B. A local lease-to-own transaction may provide for:

1. The ground lease of the land for the facilities to a private entity for the term of the local lease-to-own transaction or for a term of up to one and one-half times the term of the local lease-to-own transaction, subject to earlier termination on completion of performance of the local lease-to-own agreement. The ground lessor may either be the school district or the school facilities board, whichever holds title to the land.

2. The lease of the completed school facilities by a private entity to the school district for an extended term of years pursuant to a local lease-to-own agreement. The local lease-to-own agreement shall provide for the use, maintenance and operation of the school facilities by the school district and for the transfer of ownership of the school facilities to the school district on completion of performance of the local lease-to-own agreement.

3. The option for the school district's purchase of the school facilities and transfer of ownership of the school facilities to the school district before the expiration of the local lease-to-own agreement.

4. The services of trustees, financial advisors, paying agents, transfer agents, underwriters, lawyers and other professional service providers, credit enhancements or liquidity facilities and all other services considered necessary by the school district or the school facilities board in connection with the local lease-to-own transaction, and related agreements and arrangements including arrangements for the creation and sale of certificates of participation evidencing proportionate interests in the lease

1 payments to be made by the school district pursuant to the local lease-to-own
2 agreement.

3 C. Neither a ground lease by the school district as lessor nor a local
4 lease-to-own agreement is required to be authorized by a vote of the school
5 district electors. A ground lease is not subject to any limitations or
6 requirements applicable to leases or lease-purchase agreements pursuant to
7 section 15-342 or any other section of this title.

8 D. The school facilities board may make payments to or for the benefit
9 of the school district from the lease-to-own fund established by section
10 15-2004 for the payment of amounts payable under the local lease-to-own
11 agreement.

12 E. Any school facility that is constructed through a lease-to-own
13 agreement shall meet the minimum building adequacy standards set forth in
14 section 15-2011.

15 F. School districts may use local monies to exceed the minimum
16 adequacy standards and to build athletic fields and any other capital project
17 for leased-to-own facilities.

18 G. The school facilities board shall include any square footage of new
19 school facilities constructed through lease-to-own agreements in the
20 computations prescribed in section 15-2011.

21 H. Pursuant to section 15-2031, a school district is eligible to
22 receive building renewal monies for any facility constructed through a
23 lease-to-own agreement. If a facility's building maintenance renewal is
24 included in the lease-to-own agreement, ~~then~~ the facility shall not be
25 included in the district's building renewal calculation.

26 I. A local lease-to-own agreement entered into by a school district
27 pursuant to this section shall provide that:

28 1. At the completion of the lease-to-own agreement, ownership of the
29 school facilities and land associated with the lease-to-own agreement shall
30 be transferred to the school district as specified in the agreement.

31 2. The obligation of the school district to make any payment or
32 expenditure under the local lease-to-own agreement is a current expense,
33 payable exclusively from properly budgeted monies, and is not a general
34 obligation indebtedness of this state, the school facilities board or the
35 school district, and that any payment by the school facilities board to or
36 for the benefit of the school district from the lease-to-own fund established
37 by section 15-2004 for payments of amounts payable under the local
38 lease-to-own agreement is a current expense, payable exclusively from
39 appropriated monies, and is not a general obligation indebtedness of this
40 state or the school facilities board.

41 3. If the school district fails to properly budget for payments under
42 the local lease-to-own agreement or if the legislature fails to appropriate
43 monies or the school facilities board fails to allocate monies for periodic
44 payment to or for the benefit of the school district for payments under the
45 local lease-to-own agreement, the local lease-to-own agreement terminates at
46 the end of the current term and the school district, the school facilities

board and this state are relieved of any subsequent obligation under the local lease-to-own agreement.

4. The local lease-to-own agreement shall be reviewed and approved by the attorney general before the agreement may take effect.

5. Before the agreement takes effect and after review by the attorney general, the project or projects related to the agreement shall be submitted for review by the joint committee on capital review.

J. The school district may covenant to use its best efforts to budget, obtain, allocate and maintain sufficient monies to make payments under a local lease-to-own agreement, but the local lease-to-own agreement shall acknowledge that budgeting school district monies is a governmental act of the school district governing board that may not be contracted away. The school facilities board is not required to covenant to budget, obtain, allocate or maintain sufficient monies in the lease-to-own fund to make payments to or for the benefit of a school district for payments under a local lease-to-own agreement.

K. BEFORE REFINANCING ANY CERTIFICATES OF PARTICIPATION RELATED TO A LEASE-TO-OWN AGREEMENT ENTERED INTO PURSUANT TO THIS SECTION, THE SCHOOL FACILITIES BOARD SHALL SUBMIT THE REVISED FINANCING STRUCTURE FOR REVIEW AND APPROVAL TO THE JOINT COMMITTEE ON CAPITAL REVIEW.

~~K.~~ L. The land and the school facilities on the land are exempt from taxation during the term of the local lease-to-own agreement and during construction and subsequent occupancy by the school district pursuant to the local lease-to-own agreement.

~~L.~~ M. The powers prescribed in this section are in addition to the powers conferred by any other law. Without reference to any other provision of this title or to any other law, this section is authority for the completion of the purposes prescribed in this section for school districts to provide school facilities through local lease-to-own transactions pursuant to this section without regard to the procedure required by any other law. Except as otherwise provided in this section, the provisions of this title that relate to the matters contained in this section are superseded because this section is the exclusive law on these matters.

N. THE AUTHORITY OF THE SCHOOL FACILITIES BOARD TO ENTER INTO LEASE-TO-OWN TRANSACTIONS PURSUANT TO THIS SECTION EXPIRES FROM AND AFTER JUNE 30, 2005, EXCEPT FOR CERTIFICATES OF PARTICIPATION ISSUED TO REFUND ANY CERTIFICATES OF PARTICIPATION ISSUED BY THE BOARD.

Sec. 4. Section 15-2006, Arizona Revised Statutes, is amended to read: 15-2006. Lease-to-own amount

A. In order to fulfill the requirements of section 15-2041, the school facilities board may enter into lease-to-own transactions for up to a maximum of two hundred million dollars in any fiscal year.

B. THE AUTHORITY OF THE SCHOOL FACILITIES BOARD TO ENTER INTO LEASE-TO-OWN TRANSACTIONS PURSUANT TO THIS SECTION EXPIRES FROM AND AFTER JUNE 30, 2005, EXCEPT FOR CERTIFICATES OF PARTICIPATION ISSUED TO REFUND ANY CERTIFICATES OF PARTICIPATION ISSUED BY THE BOARD.

1 Sec. 5. Section 15-2022, Arizona Revised Statutes, is amended to read:
2 15-2022. Emergency deficiencies correction fund; definition

3 A. An emergency deficiencies correction fund is established consisting
4 of monies transferred from the deficiencies correction fund established by
5 section 15-2021 or the new school facilities fund established by section
6 15-2041. The school facilities board shall administer the fund and
7 distribute monies in accordance with the rules of the school facilities board
8 to school districts for emergency purposes. The school facilities board
9 shall not transfer monies from the deficiencies correction fund and the new
10 school facilities fund if the transfer will affect, interfere with, disrupt
11 or reduce any capital projects that the school facilities board has approved
12 pursuant to sections 15-2021 and 15-2041. The school facilities board shall
13 transfer to the emergency deficiencies correction fund the amount necessary
14 each fiscal year to fulfill the requirements of this section. **BEFORE**
15 **TRANSFERRING MONIES TO THE EMERGENCY DEFICIENCIES CORRECTION FUND FOR AN**
16 **EMERGENCY PROJECT, THE SCHOOL FACILITIES BOARD SHALL SUBMIT THE PROJECT FOR**
17 **REVIEW TO THE JOINT COMMITTEE ON CAPITAL REVIEW.** Monies in the fund are
18 continuously appropriated and are exempt from the provisions of section
19 35-190 relating to lapsing of appropriations.

20 B. If the school facilities board determines that there are
21 insufficient monies in the emergency deficiencies correction fund to correct
22 an emergency, the school district may correct the emergency pursuant to
23 section 15-907.

24 C. If a school district has an emergency, the school district shall
25 apply to the school facilities board for funding for the emergency. The
26 school district's application shall disclose any insurance or building
27 renewal monies available to the school district to pay for the emergency.

28 D. The school facilities board staff shall notify the school district
29 of the staff's recommendation within five business days of receiving the
30 application. The school facilities board shall decide on the staff's
31 recommendation for funding at the next scheduled school facilities board
32 meeting.

33 E. For the purposes of this section, "emergency" means a serious need
34 for materials, services or construction or expenses in excess of the
35 district's adopted budget for the current fiscal year and that seriously
36 threaten the functioning of the school district, the preservation or
37 protection of property or public health, welfare or safety.

38 Sec. 6. Section 15-2031, Arizona Revised Statutes, is amended to read:
39 15-2031. Building renewal fund; definitions

40 A. A building renewal fund is established consisting of monies
41 appropriated by the legislature ~~and monies credited to the fund pursuant to~~
42 ~~section 42-5030.01.~~ The school facilities board shall administer the fund
43 and distribute monies to school districts for the purpose of maintaining the
44 adequacy of existing school facilities. Monies in the fund are continuously
45 appropriated and are exempt from the provisions of section 35-190 relating to
46 lapsing of appropriations.

B. The school facilities board shall inventory and inspect all school buildings in this state in order to develop a database to administer the building renewal formula. The database shall include the student capacity of the building as determined by the school facilities board. The board shall distribute monies from the building renewal fund to school districts in an amount computed pursuant to subsection G of this section. A school district that receives monies from the building renewal fund shall use the monies primarily for any buildings in the database developed or created under subsection D of this section and secondly for any other buildings owned by the school district for any of the following:

1. Major renovations and repairs of a building.
2. Upgrading systems and areas that will maintain or extend the useful life of the building.

3. Infrastructure costs.

4. Relocation and placement of portable and modular buildings.

C. Monies received from the building renewal fund shall not be used for any of the following purposes:

1. New construction.

2. Remodeling interior space for aesthetic or preferential reasons.

3. Exterior beautification.

4. Demolition.

5. The purchase of soft capital items pursuant to section 15-962, subsection D.

6. Routine maintenance except as provided in section 15-2002, subsection K and subsection J of this section.

D. The school facilities board shall maintain the building renewal database and use the database for the computation of the building renewal formula distributions. The board shall ensure that the database is updated on at least an annual basis to reflect changes in the ages and value of school buildings. The facilities listed in the database shall include only those buildings that are owned by school districts that are required to meet academic standards. Each school district shall report to the school facilities board no later than September 1 of each year the number and type of school buildings owned by the district, the square footage of each building, the age of each building, the nature of any renovations completed and the cost of any renovations completed. The school facilities board may review or audit, or both, to confirm the information submitted by a school district. The board shall adjust the age of each school facility in the database whenever a building is significantly upgraded or remodeled. The age of a building that has been significantly upgraded or remodeled shall be recomputed as follows:

1. Divide the cost of the renovation by the building capacity value of the building determined in subsection G, paragraph 3 of this section.

2. Multiply the quotient determined in paragraph 1 of this subsection by the currently listed age of the building in the database.

3. Subtract the product determined in paragraph 2 of this subsection from the currently listed age of the building in the database, rounded to the nearest whole number. If the result is negative, use zero.

E. The school facilities board shall submit an annual report to the president of the senate, the speaker of the house of representatives, the Arizona state library, archives and public records and the governor by October 1 that includes the computation of the amount of monies to be distributed from the building renewal fund for the current fiscal year. The joint committee on capital review shall review the school facilities board's calculation of the building renewal fund distributions. After the joint committee on capital review reviews the distributions computed by the school facilities board, the school facilities board shall distribute the monies from the building renewal fund to school districts in two equal installments in November and May of each year.

F. School districts that receive monies from the building renewal fund shall establish a district building renewal fund and shall use the monies in the district building renewal fund only for the purposes prescribed in subsection B of this section. Ending cash balances in a school district's building renewal fund may be used in following fiscal years for building renewal pursuant to subsection B of this section. By October 15 of each year, each school district shall report to the school facilities board the projects funded at each school in the previous fiscal year with monies from the district building renewal fund, an accounting of the monies remaining in the district building renewal fund at the end of the previous fiscal year and a comprehensive five-year plan that details the proposed use of building renewal monies. If a school district fails to submit the report by October 15, the school facilities board shall withhold building renewal monies from the school district until the school facilities board determines that the school district has complied with the reporting requirement. When the school facilities board determines that the school district has complied with the reporting requirement, the school facilities board shall restore the full amount of withheld building renewal monies to the school district.

G. Notwithstanding any other provision of this chapter, if a school district converts space that is listed in the database maintained pursuant to this section to space that will be used for administrative purposes, the school district is responsible for any costs associated with the conversion, maintenance and replacement of that space. The building renewal amount for each school building shall be computed as follows:

1. Divide the age of the building as computed pursuant to subsection D of this section by one thousand two hundred seventy-five ~~or, in the case of modular or portable buildings, by two hundred ten.~~

2. Multiply the quotient determined in paragraph 1 of this subsection by 0.67.

3. Determine the building capacity value as follows:

(a) Multiply the student capacity of the building by the ~~per student square foot capacity~~ SQUARE FOOTAGE PER PUPIL REQUIREMENTS established by section ~~15-2041~~ 15-2011.

(b) Multiply the product determined in subdivision (a) ~~of this paragraph~~ by the REPLACEMENT cost per square foot established by section 15-2041. FOR THE PURPOSES OF THIS SUBDIVISION, "REPLACEMENT COST" MEANS EIGHTY-FIVE PER CENT OF THE COST PER SQUARE FOOT FOR NEW SCHOOL CONSTRUCTION FOR THE SPECIFIC GRADE CONFIGURATION PRESCRIBED IN SECTION 15-2041.

4. Multiply the product determined in paragraph 2 of this subsection by the product determined in paragraph 3, subdivision (b) of this subsection.

H. If the school facilities board determines that a school district has spent monies from the building renewal fund for purposes other than those prescribed in subsection B of this section, the school facilities board shall notify the superintendent of public instruction. Notwithstanding any other law, the superintendent of public instruction shall withhold a corresponding amount from the monies that would otherwise be due the school district under the capital outlay revenue limit until these monies are repaid.

I. Beginning on July 1, 2002, a school district is not entitled to receive monies from the building renewal fund for any buildings that are to be replaced with new buildings that are funded with deficiencies corrections monies pursuant to section 15-2021. The replacement buildings are not eligible to receive building renewal funding until the fiscal year following the completion of the building.

J. Notwithstanding subsections B and C of this section, a school district may use eight per cent of the building renewal amount computed pursuant to subsection G of this section for routine preventative maintenance. The board, after consultation with maintenance specialists in school districts, shall provide examples of recommended services that are routine preventative maintenance.

K. A school district that uses building renewal monies for routine preventative maintenance shall use the building renewal monies to supplement and not supplant expenditures from other funds for the maintenance of school buildings. The auditor general shall prescribe a method for determining compliance with the requirements of this subsection. A school district, in connection with any audit conducted by a certified public accountant, shall also contract for an independent audit to determine whether the school district used building renewal monies to reduce the school district's existing level of routine preventative maintenance funding. The auditor general may conduct discretionary reviews of a school district that is not required to contract for an independent audit.

L. For the purposes of this section:

1. "Routine preventative maintenance" means services that are performed on a regular schedule at intervals ranging from four times a year to once every three years and that are intended to extend the useful life of a building system and reduce the need for major repairs.

1 2. "Student capacity" has the same meaning prescribed in section
2 15-2011.

3 Sec. 7. Section 15-2041, Arizona Revised Statutes, is amended to read:
4 15-2041. New school facilities fund; capital plan

5 A. A new school facilities fund is established consisting of monies
6 appropriated by the legislature and monies credited to the fund pursuant to
7 section 37-221 ~~or 42-5030.01~~. The school facilities board shall administer
8 the fund and distribute monies, as a continuing appropriation, to school
9 districts for the purpose of constructing new school facilities. On June 30
10 of each fiscal year, any unobligated contract monies in the new school
11 facilities fund shall be transferred to the capital reserve fund established
12 by section 15-2003.

13 B. The school facilities board shall prescribe a uniform format for
14 use by the school district governing board in developing and annually
15 updating a capital plan that consists of each of the following:

16 1. Enrollment projections for the next five years for elementary
17 schools and eight years for middle and high schools, including a description
18 of the methods used to make the projections.

19 2. A description of new schools or additions to existing schools
20 needed to meet the building adequacy standards prescribed in section 15-2011.
21 The description shall include:

22 (a) The grade levels and the total number of pupils that the school or
23 addition is intended to serve.

24 (b) The year in which it is necessary for the school or addition to
25 begin operations.

26 (c) A timeline that shows the planning and construction process for
27 the school or addition.

28 3. Long-term projections of the need for land for new schools.

29 4. Any other necessary information required by the school facilities
30 board to evaluate a school district's capital plan.

31 5. If a school district pays tuition for all or a portion of the
32 school district's high school pupils to another school district, the capital
33 plan shall indicate the number of pupils for which the district pays tuition
34 to another district. If a school district accepts pupils from another school
35 district pursuant to section 15-824, subsection A, the school district shall
36 indicate the projections for this population separately. This paragraph does
37 not apply to a small isolated school district as defined in section 15-901.

38 C. If the capital plan indicates a need for a new school or an
39 addition to an existing school within the next four years or a need for land
40 within the next ten years, the school district shall submit its plan to the
41 school facilities board by September 1 and shall request monies from the new
42 school facilities fund for the new construction or land. Monies provided for
43 land shall be in addition to any monies provided pursuant to subsection D of
44 this section.

45 D. The school facilities board shall distribute monies from the new
46 school facilities fund as follows:

1 1. The school facilities board shall review and evaluate the
2 enrollment projections and either approve the projections as submitted or
3 revise the projections. In determining new construction requirements, the
4 school facilities board shall determine the net new growth of pupils that
5 will require additional square footage that exceeds the building adequacy
6 standards prescribed in section 15-2011. If the projected growth and the
7 existing number of pupils exceeds three hundred fifty pupils who are served
8 in a school district other than the pupil's resident school district, the
9 school facilities board, the receiving school district and the resident
10 school district shall develop a capital facilities plan on how to best serve
11 those pupils. A small isolated school district as defined in section 15-901
12 is not required to develop a capital facilities plan pursuant to this
13 paragraph.

14 2. If the approved projections indicate that additional space will not
15 be needed within the next two years for elementary schools or three years for
16 middle or high schools in order to meet the building adequacy standards
17 prescribed in section 15-2011, the request shall be held for consideration by
18 the school facilities board for possible future funding and the school
19 district shall annually submit an updated plan until the additional space is
20 needed.

21 3. If the approved projections indicate that additional space will be
22 needed within the next two years for elementary schools or three years for
23 middle or high schools in order to meet the building adequacy standards
24 prescribed in section 15-2011, the school facilities board shall provide an
25 amount as follows:

26 (a) Determine the number of pupils requiring additional square footage
27 to meet building adequacy standards. This amount for elementary schools
28 shall not be less than the number of new pupils for whom space will be needed
29 in the next year and shall not exceed the number of new pupils for whom space
30 will be needed in the next five years. This amount for middle and high
31 schools shall not be less than the number of new pupils for whom space will
32 be needed in the next four years and shall not exceed the number of new
33 pupils for whom space will be needed in the next eight years.

34 (b) Multiply the number of pupils determined in subdivision (a) of
35 this paragraph by the square footage per pupil. The square footage per pupil
36 is ninety square feet per pupil for preschool children with disabilities,
37 kindergarten programs and grades one through six, one hundred square feet for
38 grades seven and eight, one hundred thirty-four square feet for a school
39 district that provides instruction in grades nine through twelve for fewer
40 than one thousand eight hundred pupils and one hundred twenty-five square
41 feet for a school district that provides instruction in grades nine through
42 twelve for at least one thousand eight hundred pupils. The total number of
43 pupils in grades nine through twelve in the district shall determine the
44 square footage factor to use for net new pupils. The school facilities board
45 may modify the square footage requirements prescribed in this subdivision for
46 particular schools based on any of the following factors:

(i) The number of pupils served or projected to be served by the school district.

(ii) Geographic factors.

(iii) Grade configurations other than those prescribed in this subdivision.

(iv) Compliance with minimum school facility adequacy requirements established pursuant to section 15-2011.

(c) Multiply the product obtained in subdivision (b) of this paragraph by the cost per square foot. The cost per square foot is ninety dollars for preschool children with disabilities, kindergarten programs and grades one through six, ninety-five dollars for grades seven and eight and one hundred ten dollars for grades nine through twelve. The cost per square foot shall be adjusted annually for construction market considerations based on an index identified or developed by the joint legislative budget committee as necessary but not less than once each year. The school facilities board shall multiply the cost per square foot by 1.05 for any school district located in a rural area. The school facilities board may modify the base cost per square foot prescribed in this subdivision for particular schools based on geographic conditions or site conditions. For the purposes of this subdivision, "rural area" means an area outside a thirty-five mile radius of a boundary of a municipality with a population of more than fifty thousand persons according to the most recent United States decennial census.

(d) Once the school district governing board obtains approval from the school facilities board for new facility construction funds, additional portable or modular square footage created for the express purpose of providing temporary space for pupils until the completion of the new facility shall not be included by the school facilities board for the purpose of new construction funding calculations. On completion of the new facility construction project, if the portable or modular facilities continue in use, ~~then~~ the portable or modular facilities shall be included as prescribed by this chapter, unless the school facilities board approves their continued use for the purpose of providing temporary space for pupils until the completion of the next new facility that has been approved for funding from the new school facilities fund.

4. For projects approved after December 31, 2001, and notwithstanding paragraph 3 of this subsection, a unified school district that does not have a high school is not eligible to receive high school space as prescribed by section 15-2011 and this section unless the unified district qualifies for geographic factors prescribed by paragraph 3, subdivision (b), item (ii) of this subsection.

E. Monies for architectural and engineering fees shall be distributed on the completion of the analysis by the school facilities board of the school district's request. After receiving monies pursuant to this subsection, the school district shall submit a design development plan for the school or addition to the school facilities board before any monies for construction are distributed. If the school district's request meets the

1 building adequacy standards, the school facilities board may review and
2 comment on the district's plan with respect to the efficiency and
3 effectiveness of the plan in meeting state square footage and facility
4 standards before distributing the remainder of the monies. The school
5 facilities board may decline to fund the project if the square footage is no
6 longer required due to revised enrollment projections.

7 F. The school facilities board shall distribute the monies needed for
8 land for new schools so that land may be purchased at a price that is less
9 than or equal to fair market value and in advance of the construction of the
10 new school. If necessary, the school facilities board may distribute monies
11 for land to be leased for new schools if the duration of the lease exceeds
12 the life expectancy of the school facility by at least fifty per cent. The
13 proceeds derived through the sale of any land purchased or partially
14 purchased with monies provided by the school facilities board shall be
15 returned to the state fund from which it was appropriated and to any other
16 participating entity on a proportional basis. If a school district acquires
17 real property by donation at an appropriate school site approved by the
18 school facilities board, the school facilities board shall distribute an
19 amount equal to twenty per cent of the fair market value of the donated real
20 property that can be used for academic purposes. The school district shall
21 place the monies in the unrestricted capital outlay fund and increase the
22 unrestricted capital outlay limit by the amount of monies placed in the fund.
23 Monies distributed under this subsection shall be distributed from the new
24 school facilities fund. A school district shall not pay a consultant a
25 percentage of the value of any of the following:

26 1. Donations of real property, services or cash from any of the
27 following:

28 (a) Entities that have offered to provide construction services to the
29 school district.

30 (b) Entities that have been contracted to provide construction
31 services to the school district.

32 (c) Entities that build residential units in that school district.

33 (d) Entities that develop land for residential use in that school
34 district.

35 2. Monies received from the school facilities board on behalf of the
36 school district.

37 3. Monies paid by the school facilities board on behalf of the school
38 district.

39 G. In addition to distributions to school districts based on pupil
40 growth projections, a school district may submit an application to the school
41 facilities board for monies from the new school facilities fund if one or
42 more school buildings have outlived their useful life. If the school
43 facilities board determines that the school district needs to build a new
44 school building for these reasons, the school facilities board shall remove
45 the square footage computations that represent the building from the
46 computation of the school district's total square footage for purposes of

1 this section. If the square footage recomputation reflects that the school
2 district no longer meets building adequacy standards, the school district
3 qualifies for a distribution of monies from the new school construction
4 formula in an amount determined pursuant to subsection D of this
5 section. Buildings removed from a school district's total square footage
6 pursuant to this subsection shall not be included in the computation of
7 monies from the building renewal fund established by section 15-2031. The
8 school facilities board may modify the base cost per square foot prescribed
9 in this subsection under extraordinary circumstances for geographic factors
10 or site conditions.

11 H. School districts that receive monies from the new school facilities
12 fund shall establish a district new school facilities fund and shall use the
13 monies in the district new school facilities fund only for the purposes
14 prescribed in this section. By October 15 of each year, each school district
15 shall report to the school facilities board the projects funded at each
16 school in the previous fiscal year with monies from the district new school
17 facilities fund and shall provide an accounting of the monies remaining in
18 the new school facilities fund at the end of the previous fiscal year.

19 I. If a school district has surplus monies received from the new
20 school facilities fund, the school district may use the surplus monies only
21 for capital purposes for the project for up to one year after completion of
22 the project. If the school district possesses surplus monies from the new
23 school construction project that have not been expended within one year of
24 the completion of the project, the school district shall return the surplus
25 monies to the school facilities board for deposit in the new school
26 facilities fund.

27 J. The board's consideration of any application filed after July 1,
28 2001 or after December 31 of the year in which the property becomes territory
29 in the vicinity of a military airport or ancillary military facility as
30 defined in section 28-8461 for monies to fund the construction of new school
31 facilities proposed to be located in territory in the vicinity of a military
32 airport or ancillary military facility shall include, if after notice is
33 transmitted to the military airport pursuant to section 15-2002 and before
34 the public hearing the military airport provides comments and analysis
35 concerning compatibility of the proposed school facilities with the high
36 noise or accident potential generated by military airport or ancillary
37 military facility operations that may have an adverse effect on public health
38 and safety, consideration and analysis of the comments and analysis provided
39 by the military airport before making a final determination.

40 K. If a school district uses its own project manager for new school
41 construction, the members of the school district governing board and the
42 project manager shall sign an affidavit stating that the members and the
43 project manager understand and will follow the minimum adequacy requirements
44 prescribed in section 15-2011.

L. The school facilities board shall establish a separate account in the new school facilities fund designated as the litigation account to pay attorney fees, expert witness fees and other costs associated with litigation in which the school facilities board pursues the recovery of damages for deficiencies correction that resulted from alleged construction defects or design defects that the school facilities board believes caused or contributed to a failure of the school building to conform to the building adequacy requirements prescribed in section 15-2011. Attorney fees paid pursuant to this subsection shall not exceed the market rate for similar types of litigation. Monies recovered as damages pursuant to this subsection shall be used to offset debt service on the correction of existing deficiencies as prescribed by section 15-2021. The joint committee on capital review shall conduct an annual review of the litigation account, including the costs associated with current and potential litigation.

M. Until the state board of education and the auditor general adopt rules pursuant to section 15-213, subsection J, the school facilities board may allow school districts to contract for construction services and materials through the qualified select bidders list method of project delivery for new school facilities pursuant to this section.

Sec. 8. Section 15-2055, Arizona Revised Statutes, is amended to read:
15-2055. Securing principal and interest

A. In connection with issuing bonds authorized by this article and to secure the principal and interest on the bonds, the school facilities board by resolution may:

1. Segregate the school facilities revenue bond debt service fund into one or more accounts and subaccounts and provide that bonds issued under this article may be secured by a lien on all or part of the monies paid into the school facilities revenue bond debt service fund or into any account or subaccount in the fund.

2. Provide that the bonds issued under this article are secured by a first lien on the monies paid into the school facilities revenue bond debt service fund as provided by section 37-521, subsection B, paragraph 1 and section 42-5030.01, ~~subsection A~~, and pledge and assign to or in trust for the benefit of the holder or holders of the bonds all or part of the monies in the school facilities revenue bond debt service fund, any account or subaccount in the fund or in the school facilities revenue bond proceeds fund as is necessary to secure and pay the principal, the interest and any premium on the bonds as they come due.

3. Establish priorities among bondholders based on criteria adopted by the board.

4. Set aside, regulate and dispose of reserves and sinking accounts.

5. Prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent to and the manner in which the consent may be given.

6. Provide for payment of bond related expenses from the proceeds of the sale of the bonds or other revenues authorized by this article and available to the board.

7. Provide for the services of trustees, cotrustees, agents and consultants and other specialized services with respect to the bonds.

8. Take any other action that in any way may affect the security and protection of the bonds or interest on the bonds.

9. Refund any bonds issued by the board, if these bonds are secured from the same source of revenues as the bonds authorized by this article, by issuing new bonds.

10. Issue bonds partly to refund outstanding bonds and partly for any other purpose consistent with this article.

B. Bonds issued to refund any bonds issued by the board as provided by subsection A, paragraphs 9 and 10 of this section are not subject to legislative authorization or the two hundred million dollar limitation prescribed by section 15-2051, subsection A.

Sec. 9. Section 42-5030.01, Arizona Revised Statutes, is amended to read:

42-5030.01. Distribution of revenues for school facilities

~~A.~~ From and after June 30, 1999, if there are outstanding state school facilities revenue bonds pursuant to title 15, chapter 16, article 6, and if the amount of monies available under section 37-521, subsection B, paragraph 1 is insufficient to pay the debt service due on the outstanding bonds in that fiscal year, the state treasurer shall transfer to the state school facilities revenue bond debt service fund established ~~in~~ PURSUANT TO section 15-2054 the amount that is necessary to pay the debt service due in that fiscal year on the outstanding bonds from state general fund revenues that were collected pursuant to this chapter.

~~B. From and after June 30, 1999, each fiscal year after any payments under subsection A of this section the state treasurer shall transfer, without the need for a specific legislative appropriation:~~

~~1. To the deficiencies correction fund state general fund revenues collected pursuant to this chapter in the amount that the school facilities board instructs the state treasurer pursuant to section 15-2002, subsection A, paragraph 10.~~

~~2. To the building renewal fund state general fund revenues collected pursuant to this chapter in the amount that the school facilities board instructs the state treasurer pursuant to section 15-2002, subsection A, paragraph 10.~~

~~3. To the new school facilities fund state general fund revenues collected pursuant to this chapter in the amount that the school facilities board instructs the state treasurer pursuant to section 15-2002, subsection A, paragraph 10.~~

Sec. 10. Laws 2002, chapter 330, section 43, as amended by Laws 2003, first special session, chapter 2, section 9, is amended to read:

Sec. 43. Delayed repeal

1 Section 15-2021, Arizona Revised Statutes, as amended by Laws 2002,
2 chapter 330, section 37 and ~~this act~~ LAWS 2003, FIRST SPECIAL SESSION,
3 CHAPTER 2, SECTION 9, is repealed from and after June 30, ~~2005~~ 2006.

4 Sec. 11. Appropriation; new school facilities fund

5 The sum of \$50,000,000 is appropriated from the state general fund in
6 fiscal year 2006-2007 to the new school facilities fund.

7 Sec. 12. Building renewal fund; transfer

8 Notwithstanding any other law, the sum of \$60,080,500 is transferred in
9 fiscal year 2005-2006 from the building renewal fund established by section
10 15-2031, Arizona Revised Statutes, to the state general fund.

11 Sec. 13. State treasurer; new school facilities transfer

12 Notwithstanding section 15-2002, subsection A, paragraph 10, Arizona
13 Revised Statutes, as amended by this act, or any other law, the state
14 treasurer shall disregard any instructions of the school facilities board
15 relating to the new school facilities fund transfers for fiscal year
16 2005-2006 and instead shall transfer the sum of \$250,000,000.

17 Sec. 14. Effective date; applicability

18 A. Sections 15-2031, 15-2041, 15-2055 and 42-5030.01, Arizona Revised
19 Statutes, as amended by this act, are effective from and after June 30, 2006.

20 B. Notwithstanding subsection A of this section, the school facilities
21 board shall use the provisions of section 15-2031, Arizona Revised Statutes,
22 as amended by this act, in fiscal year 2005-2006 to make calculations under
23 the building renewal formula for fiscal year 2006-2007.

24 Sec. 15. Retroactivity

25 A. Sections 15-2002, 15-2004, 15-2005 and 15-2006, Arizona Revised
26 Statutes, as amended by this act, apply retroactively to from and after June
27 30, 2005.

28 B. Section 12 of this act, relating to the building renewal fund, is
29 effective retroactively to from and after June 30, 2005.